

AMENDED IN SENATE FEBRUARY 25, 2014

**SENATE BILL**

**No. 845**

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**Introduced by Senator Correa**

January 8, 2014

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An act to add Section 69505.8 to the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

SB 845, as amended, Correa. Postsecondary education: electronic disbursement of student financial aid.

Existing law provides for the missions and functions of the private and public segments of postsecondary education in the state. Existing law establishes various student financial aid programs for students attending segments of postsecondary education.

This bill would require the Board of Governors of the California Community Colleges and the Trustees of the California State University, and would request the Regents of the University of California and each governing body of an accredited private postsecondary educational institution, to develop, in consultation with stakeholders, one or more model contracts ~~that would govern at each campus within their respective systems for use at their respective systems for~~ the disbursement of a financial aid award, scholarship, campus-based aid award, or school refund on a debit, prepaid, or preloaded card.

The bill would also require that each model contract consider the best interests of students and contain certain provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 69505.8 is added to the Education Code, to read:

69505.8. (a) The Board of Governors of the California Community Colleges and the Trustees of the California State University shall, and the Regents of the University of California and each governing body of an accredited private postsecondary educational institution are requested to, develop one or more model contracts ~~that would govern, at each campus within their respective systems, for use at their respective systems~~ for the disbursement of a financial aid award, scholarship, campus-based aid award, or school refund onto a debit card, prepaid card, or other preloaded card issued by a financial institution. Each model contract shall be developed in consultation with stakeholders including *statewide* ~~student organizations~~ *associations*, individual campuses, and financial institutions that issue debit cards, prepaid cards, and preloaded cards.

(b) The board of governors and the trustees shall, and the regents and each governing body of an accredited private postsecondary educational institution are requested to, make ~~a~~ *every* model contract developed under subdivision (a) publicly available on its Internet Web site.

(c) Every model contract developed under subdivision (a) shall consider the best interests of students and shall, at a minimum, contain all of the following provisions:

(1) The campus, educational system, or card-issuing financial institution shall not represent a debit card, prepaid card, or preloaded card as the only disbursement option available for a student to receive a financial aid award, scholarship, campus-based aid award, or school refund.

(2) A card-issuing financial institution shall provide a list of all debit card, prepaid card, or preloaded card fees to a student before that student may elect to receive a financial aid award, scholarship, campus-based aid award, or school refund on a debit card, prepaid card, or preloaded card. A card-issuing financial institution shall also provide a readily accessible link to a printable version of this fee list from the homepage on its Internet Web site.

(3) A student who receives a financial aid award, scholarship, campus-based aid award, or school refund on a debit card, prepaid

1 card, or preloaded card shall not be charged for any of the  
2 following:

3 (A) Opening a debit card, prepaid card, or preloaded card  
4 account.

5 (B) Receiving an initial debit card, prepaid card, or preloaded  
6 card.

7 (C) Having a financial aid award, scholarship, campus-based  
8 aid award, or school refund deposited on a debit card, prepaid card,  
9 or preloaded card.

10 (4) A card-issuing financial institution shall locate at least one  
11 branch office or automated teller machine on or immediately  
12 adjacent to the contracting campus, at which fee-free withdrawals  
13 may be made using the card.

14 (5) A card-issuing financial institution, campus, or educational  
15 system shall not market a debit card, prepaid card, preloaded card,  
16 or card account as a credit card or credit instrument or convert the  
17 card or account into a credit card or credit instrument.

18 (6) A card-issuing financial institution, campus, or educational  
19 system shall not represent placement of the name or mascot of a  
20 campus or educational system on a debit card, prepaid card, or  
21 preloaded card as an endorsement of that card by the campus or  
22 educational system.

23 (d) When developing each model contract, the board of  
24 governors and the trustees shall, and the regents and each governing  
25 body of an accredited private postsecondary educational institution  
26 are requested to, consider all of the following:

27 (1) The number of on-campus locations and proximity of  
28 off-campus locations where a fee-free withdrawal could be made  
29 by a student using a debit card, prepaid card, or preloaded card.

30 (2) The type and size of fees a student would incur from debit,  
31 prepaid, or preloaded card use.

32 (3) The impact, if any, that offering a card displaying the name  
33 or mascot of a campus or educational system would have on  
34 students, that campus, or that educational system.

35 (4) The impact, if any, of the content of a dispute resolution  
36 clause on students, their campus, and their educational system, if  
37 a conflict were to arise between a student and the card-issuing  
38 financial institution.

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